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**Shui On Land Limited**  
**瑞安房地產有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 272)**

**CONNECTED TRANSACTION**

**Acquisition of 24.75% effective rights and interests pertaining to  
the Non-Retail Portion of Lot 6 of the Rui Hong Xin Cheng Project**

On 1 April 2011, the Parties entered into the Agreement pursuant to which EPL agreed to dispose of, and SODH agreed to acquire from EPL, all of the 24.75% effective rights and interests owned by EPL pertaining to the Non-Retail Portion of Lot 6 of the RHXC Project at an aggregate cash consideration of RMB378,300,000 or its equivalent amount in USD.

For the purposes of modifying and regulating the rights and obligations of SODH and EPL as a result of the Acquisition, the Parties entered into the Second Supplemental Agreement on 1 April 2011 to record the terms of such variation.

As EPL is a substantial shareholder of FPL, a subsidiary of the Company for the purposes of the Listing Rules, EPL is a connected person of the Company. Therefore, the Consideration payable by SODH to EPL in respect of the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

**INTRODUCTION**

On 1 April 2011, the Parties entered into the Agreement pursuant to which EPL agreed to dispose of, and SODH agreed to acquire from EPL, all of the 24.75% effective rights and interests owned by EPL pertaining to the Non-Retail Portion of Lot 6 of the RHXC Project at an aggregate cash consideration of RMB378,300,000 or its equivalent amount in USD.

For the purposes of modifying and regulating the rights and obligations of SODH and EPL as a result of the Acquisition, the Parties entered into the Second Supplemental Agreement on 1 April 2011 to record the terms of such variation.

## **MAJOR TERMS OF THE CONTRACTUAL AGREEMENTS IN RELATION TO THE ACQUISITION**

The salient terms of the Acquisition are summarised below.

Immediately after the completion of the Acquisition:

- (a) SODH shall be exclusively entitled to all the rights and interests pertaining to the Non-Retail Portion. This shall include but not limited to the exclusive right to participate in the profits and losses in respect of the Non-Retail Portion, entitlement to dividend(s) derived from profits and distributable reserve attributable to the Non-Retail Portion and all the rights of a holder of shares in the capital of FPL so far as the Non-Retail Portion is concerned.
- (b) SODH shall be exclusively entitled to direct, control, manage, administer, supervise, oversee and monitor all matters relating to the Non-Retail Portion in accordance with the terms and conditions of the Contractual Agreements.
- (c) SODH shall be exclusively responsible for the financing of, and all the Costs directly associated with or arising from the construction and development of the Non-Retail Portion.

## **BASIS FOR DETERMINING THE CONSIDERATION**

The Consideration was reached at after arm's length negotiations between the Parties with reference to (i) the net asset value of EPL's Rights and Interests as at 31 October 2010 of approximately RMB273,800,000; and (ii) the valuation of the Non-Retail Portion at cleared site status as at 31 August 2010 prepared by an independent valuer of RMB2,615,000,000. The Consideration represents a premium of approximately 38% over the net asset value of EPL's Rights and Interests and a discount of approximately 7% to the valuation of the Non-Retail Portion.

The Consideration payable by SODH to EPL will be funded by the internal resources of the SOL Group.

## **REASONS FOR, AND BENEFITS OF, THE ACQUISITION**

At the date of this announcement, each of SODH (a wholly-owned subsidiary of the Company), EPL and 上海中虹(集團)有限公司 (Shanghai Zhonghong (Group) Company Limited)\* has an effective interest of approximately 74.25%, 24.75% and 1% respectively in the Non-Retail Portion of Lot 6 of RHXC Project. The Non-Retail Portion is located in the downtown of

Shanghai, PRC and forms part of SOL Group's existing development plan in the RHXC Project. The relocation work in the Non-Retail Portion has almost been completed and the cleared site is readily available for construction and development. The Company is confident that the land relating to the Non-Retail Portion will be one of the most valuable land parcels for the SOL Group in Shanghai, PRC in the near future. Given the satisfactory outlook of the Shanghai economy and reputable track record in the residential sales of RHXC Project, it is expected that the Acquisition will offer excellent growth potential and represent an attractive investment opportunity for the SOL Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As EPL is a substantial shareholder of FPL, a subsidiary of the Company for the purposes of the Listing Rules, EPL is a connected person of the Company. Therefore, the Consideration payable by SODH to EPL in respect of the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Contractual Agreements and the connected transaction in relation thereto were agreed on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiations between the Parties, and that the connected transaction in respect of the Acquisition under the Contractual Agreements are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the above transactions and was not required to abstain from voting on the relevant Board resolutions approving the transactions.

## **GENERAL INFORMATION**

The Company, through its subsidiaries and associates, is one of the leading property developers in the PRC. It engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

The principal business activity of EPL is investment holding.

## **DEFINITIONS**

*In this announcement, unless the context otherwise requires, the following expressions have the following meanings:*

<b>“Acquisition”</b>	the acquisition by SODH of all the EPL's Rights and Interests;
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<b>“Agreement”</b>	the agreement dated 1 April 2011 and entered into between the Parties in relation to the Acquisition;
<b>“associates”, “connected person(s)”, “subsidiary(ies)”, “substantial shareholder”</b>	each has the meaning ascribed to it in the Listing Rules;
<b>“Board”</b>	the board of Directors;
<b>“Company”</b>	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange;
<b>“Consideration”</b>	the cash consideration payable by SODH to EPL in respect of the Acquisition in the aggregate amount of RMB378,300,000 or its equivalent amount in USD;
<b>“Contractual Agreements”</b>	the Agreement and the Second Supplemental Agreement;
<b>“Costs”</b>	include the relocation costs incurred or arisen after 31 October 2010, construction cost, interests expenses arising from bank borrowings and sales and marketing costs as contemplated under the Contractual Agreements;
<b>“Directors”</b>	the directors of the Company;
<b>“EPL”</b>	Elegant Partners Limited, a company incorporated under the laws of the British Virgin Islands, which holds the EPL’s Rights and Interests;
<b>“EPL’s Rights and Interests”</b>	the 24.75% effective rights and interests owned by EPL pertaining to the Non-Retail Portion of Lot 6 of the RHXC Project;
<b>“First Supplemental Agreement”</b>	the supplemental agreement to the Shareholders Agreement dated 30 June 2010 and entered into between the Parties;
<b>“FPL”</b>	Foresight Profits Limited, a company incorporated under the laws of the British Virgin Islands, which is a 75% non-wholly owned subsidiary of the Company;
<b>“FPL Group”</b>	FPL and its subsidiaries;

<b>“GFA”</b>	gross floor area;
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Non-Retail Portion”</b>	all other developments in Lot 6 of the RHXC Project other than the Retail Portion, comprising the residential complex with a planned GFA of approximately 115,968 square metres, clubhouse with a planned GFA of approximately 3,158 square metres, 695 residential carparks and related facilities, as specified in the design plan approved by Shanghai Hong Kou District Planning and Land Administration Bureau dated 21 September 2010, which is subject to further changes as approved by the relevant authorities from time to time;
<b>“Parties”</b>	means SODH, EPL, FPL, Silomax Limited, Selfers Limited and Hollyfield Holdings Limited whereby FPL, Silomax Limited, Selfers Limited and Hollyfield Holdings Limited are members of the FPL Group and indirect non-wholly owned subsidiaries of the Company;
<b>“PRC”</b>	the People’s Republic of China, (excluding, for the purpose of this announcement, Hong Kong, Macao Special Administrative Region of the PRC and Taiwan);
<b>“Retail Portion”</b>	the retail portion of Lot 6 of the RHXC Project, comprising the retail complex with a planned GFA of approximately 18,471 square metres, 122 retail carparks and related facilities, as specified in the design plan approved by Shanghai Hong Kou District Planning and Land Administration Bureau dated 21 September 2010, which is subject to further changes as approved by the relevant authorities from time to time;
<b>“RHXC Project”</b>	the Rui Hong Xin Cheng project in Hong Kou District, Shanghai, the PRC;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Second Supplemental Agreement”</b>	the second supplemental agreement dated 1 April 2011 and entered into between the Parties and supplements the Shareholders Agreement;

<b>“Shareholders”</b>	holders of ordinary shares of the Company;
<b>“Shareholders Agreement”</b>	the shareholders agreement relating to FPL dated 19 May 2008 as amended by the First Supplemental Agreement;
<b>“SODH”</b>	Shui On Development (Holding) Limited, a company incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company;
<b>“SOL Group”</b>	the Company and its subsidiaries;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“USD”</b>	the United States dollars, the lawful currency of the United States of America; and
<b>“%”</b>	percent.

By Order of the Board  
**Shui On Land Limited**  
**Vincent H. S. LO**  
*Chairman*

Hong Kong, 1 April 2011

*At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Mr. Freddy C. K. LEE (Chief Executive Officer) and Mr. Daniel Y. K. WAN; the non-executive director of the Company is The Honourable LEUNG Chun Ying; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. Edgar W. K. CHENG, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.*

*\* For identification purposes only*